

Page Denied

SECRET

25X1

Iran-Iraq

- Iran still intent on keeping military pressure on Iraq, but is now apparently moving a war of attrition after suffering several defeats and massive casualties in large-scale offensives in the last year.
- Tehran is currently planning a new attack in the central border area.
- The Iranians made small gains in the Kurdish border area, including capture of an Iraqi town, in the last week.
- Baghdad official are threatening an escalation in the air war against Iranian economic facilities.
- They will have five French Super Etendards armed with Exocets and with trained pilots to fly them in the next 1-3 months.
- Kharg Island, the main Iranian oil export facility, would be a logical target.
- Tehran is threatening publicly to stop all Gulf shipping in retaliation for an Iraqi escalation.
- Unrest has picked up in Iranian cities in recent weeks and clerical factions continue to disagree, but we do not believe the regime is in any danger.
- Population concerned about lack of economic progress in general, water and electricity shortages, in particular, and high war casualties.
- We have no reports of trouble in the rural areas.
- Saddam Hussein's main problem, next to the war, is the economy.
- A combination of aid, credits and spending cutbacks should tide him over for the near term.
- Iraqi people also concerned about no-win war and heavy casualties, but there has been little popular outcry.

SUBJECT: Talking Points for DMI

NESA M 83-10176

Distribution:

Orig - DMI

1 - D/NESA

1 - C/PG

1 - C/PG/I

1 - C/PG/P

2 - NESA/PS

4 - CPAS/CMD/CB

ORIG:DDI/NESA/PG: (27July83)

25X1

Page Denied